

**EXHIBIT C**

**Southland Transcript Excerpt**

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

IN RE: Chapter 11  
SOUTHLAND ROYALTY COMPANY LLC, Case No. 20-10158 (KBO)  
Courtroom No. 1  
824 North Market Street  
Wilmington, Delaware 19801  
Debtors. May 8, 2020  
3:30 P.M.

TRANSCRIPT OF TELEPHONIC HEARING  
BEFORE THE HONORABLE KAREN B. OWENS  
UNITED STATES BANKRUPTCY JUDGE

TELEPHONIC APPEARANCES:

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1 THE COURT: Okay. Thank you.

2 Well, I very much appreciate the time of the  
3 witnesses today and, of course, the presentations of the  
4 parties. I also appreciate the perhaps uncomfortable  
5 position that Mr. Bifferato is in, as I know from private  
6 practice, that no professional likes to object to  
7 compensation and retention issues.

8 But upon consideration of all of the issues, I am  
9 going to overrule the objection of the agents and enter the  
10 retention orders, either as been presented with respect to  
11 Jefferies or as will be revised in accordance with the  
12 agreement between the committee and the debtors as reflected  
13 or as discussed on the record today.

14 I am just simply not persuaded by the arguments  
15 today (indiscernible) the retention of the committee's  
16 professionals, as has been suggested for a number of reasons.  
17 The first is, of course, that the debtors voluntarily sought  
18 the protections of this Court and the Code and under the  
19 Code, the committee was formed and it now owes fiduciary  
20 duties to its constituents.

21 And in its business judgment the committee has  
22 determined that it requires the aid of two financial advisors  
23 to accomplish those tasks and to fulfill their duties. And  
24 uncertainty, as the record showed, played a part in that  
25 decision-making and such uncertainty has clearly only

1 worsened.

2 I find that that judgment is reasonable, based on  
3 the circumstances of these proceedings and the evidence  
4 presented and I feel that the advisors will be performing two  
5 different functions. They understand the need to avoid  
6 duplication and they have taken steps to avoid it.

7 There's no evidence of a compensation structure,  
8 as proposed, is unreasonable when compared to other similar  
9 engagements and there's no -- there's mechanisms for review  
10 of the fees and expenses, should duplication occur and the  
11 other unreasonable fees and expenses be incurred.

12 I think it's critical, I feel that the members of  
13 the committee understand, based on the declarations and the  
14 testimony today, but more so in the declarations that were  
15 submitted into evidence, that they understood that their  
16 professionals and all professionals need to increase the  
17 recoveries for unsecured creditors' costs when they made the  
18 retention decisions and, quite frankly, committee costs  
19 should not come as a surprise to lenders or any others who  
20 frequently practice before the Bankruptcy Courts.

21 I, of course, do take pause that Jefferies will be  
22 incurring a monthly fee while the Wamsutter sales process is  
23 on pause. That, perhaps, gives me the most pause, but I have  
24 no evidence that Jefferies will not be working during that  
25 time and, actually, there was testimony that the work is

1 possible -- that work is possible during the pause on the  
2 sales process.

3           And there's been no modified compensation  
4 arrangement that's been presented to me with respect to the  
5 debtors' own investment banker and there is a Section 330  
6 review for the U.S. Trustee (indiscernible) Jefferies'  
7 application, as well as other professionals' applications is  
8 necessary to be utilized and I would think that collecting a  
9 fee for performing no work would be a basis for a good faith  
10 objection. I make no comment as to what the outcome of that  
11 objection would be.

12           Admittedly, I struggle with these types of  
13 retention and compensation issues. I find them extremely  
14 tricky, because I do believe that the Court and professionals  
15 should always be mindful and work to manage fees and expenses  
16 incurred in cases so that they do not become unreasonable  
17 either on an individual basis or a collective basis, but I  
18 have always believed and continue to believe that most  
19 professionals act responsibly to manage the incurrence of  
20 their fees and expenses during cases as circumstances and  
21 outcomes shift and changes for stakeholders occur, and I  
22 expect that the same will occur here as the cases progress.

23           And I, of course, expect all professionals in  
24 these cases do the same, but for the reasons I just set  
25 forth, I will not deny the committee's retention applications

1 today.

2 So, when do you anticipate that you would like  
3 to -- well, let me rephrase.

4 Do I have the Jefferies order in front of me, at  
5 least, that I can enter following the conclusion of today's  
6 hearing or am I waiting on both sets of orders?

7 MR. GRILLO: Your Honor, I think there are two  
8 orders. The Conway order, I know it needs to be modified,  
9 obviously, to reflect the change that was presented today.

10 I think the Jefferies order is not subject to any  
11 amendment. I'm just checking with Mr. Alaniz to make sure.

12 MR. ALANIZ: That's correct on the screen.

13 MR. GRILLO: Okay. So, the Jefferies order should  
14 be good and we'll follow, making the change that has been  
15 agreed upon with the debtor to the Conway MacKenzie order.

16 THE COURT: Okay. So, I will go ahead and enter  
17 the Jefferies retention order, following the conclusion of  
18 today's hearing and I'll wait to receive the Conway MacKenzie  
19 revised order under certification of counsel at some point in  
20 the near future.

21 Is there anything else that we should be  
22 addressing at today's hearing or can we call it adjourned?

23 MR. GRILLO: Only that this turned out to be, from  
24 a technological perspective, more successful than I had  
25 originally feared. So, I want to thank the Court for its

1 accommodation.

2 THE COURT: Not a problem. I concluded a seven-  
3 hour Zoom evidentiary hearing yesterday and this one went  
4 much more smoothly probably because people's phones and iPads  
5 are not dying from a loss of battery use from the extended  
6 time that we were all using them. So, this one went much  
7 better.

8 So, thank you all for participating. I appreciate  
9 all the accommodations that you clearly gave each other for  
10 getting here today and let's consider this hearing adjourned  
11 and we can all leave our virtual meetings and sign off.

12 Everyone have a great evening.

13 COUNSEL: Thank you, Your Honor.

14 (Proceedings concluded at 4:54 p.m.)  
15  
16  
17

18 CERTIFICATE

19  
20 I certify that the foregoing is a correct transcript from the  
21 electronic sound recording of the proceedings in the above-  
22 entitled matter.

23 /s/Mary Zajackowski  
24 Mary Zajackowski, CET\*\*D-531  
25

May 15, 2020